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1. Change history

Version	Date	Page(s)	Description of change
01	15.11.2022	3	First Release
02	01.12.2022	4	Revision
03	22.03.2023	6	Extension sustainability

2. Purpose

This document describes the essential requirements for company-wide environmental and climate protection, in compliance with legal and normative requirements.

3. Scope

This guideline applies to all organizations of Pankl AG, as well as to all our employees. Legal regulations must be always followed and at all locations, irrespective of this.

The Pankl Group bases its strategic, ecological, and social corporate decisions on the fundamental values of a modern society. Out of its own sense of responsibility towards people and the environment, but also in commitment to its employees, customers and stakeholders, the Pankl Group promotes and demands compliance with the following principles of this Sustainability Policy equally from its suppliers. For the Pankl Group, compliance with this sustainability guideline is the basis for sustainable and long-term business relationships. The values and responsibilities outlined below are also expected by the Pankl Group in its supply chain and from its suppliers. It

is the responsibility of suppliers to verify compliance with the principles set out in this sustainability guideline in their own supply chain and to implement the principles set out below in their companies.

The principles listed in this Sustainability Policy are guided by the content of the following conventions and standards:

- Principles of the United Nations (UN) Global Compact
- Drive Sustainability Partnership Guidelines
- Guidelines of the Automotive Industry Action Group (AIAG)
- Global Sustainable Development Goals (SDGs)

4. Terms and abbreviations used

CO₂ - Carbon dioxide

CoC - Code of Conduct

ESG - Environment, Social, Governance

KPI - Key Performance Indicator

5. Process description

This environment and sustainability guideline formulates the regulations and responsibilities that Pankl AG has set for itself regarding environmental and climate protection.

As an environmentally conscious company, we are aware of the necessity of an intact environment and a protected climate and take the consequences of environmental destruction and climate change for nature, the economy and society seriously. This applies at global, national, and local level, but also specifically to us as Pankl AG.

We therefore aim to act in harmony with environmental, social and governance impacts in our activities and to make our contribution to protecting and preserving the natural foundations of life and the functioning of ecosystems.

The resulting policy summarizes the ESG guideline and is used internally for communication purposes. The environment- and sustainability policy is summarizing the core topics within this guideline and has been published for our stakeholders, which is available on our homepage.

In order to emphasize the importance of ESG in the corporate culture, the following topics are divided into the respective sub-areas.

6. Governance

This area is covered by our Code of Conduct (CoC). This contains the following topics on business ethics: anti-corruption and anti-money laundering, data protection and data security, financial responsibility, disclosure of information, conflict of interest, counterfeiting, intellectual property, export controls, trade and economic sanctions, grievance mechanism, remediation, non-retaliation.

6.1. We comply with legal or binding obligations

- We comply with legal and regulatory requirements and align ourselves with corporate standards and objectives.
- We comply to all applicable environmental, occupational health and safety and climate-related laws, regulations, and other requirements.
- We consider the protection of the environment and the economical use of natural resources to be our social obligation.

- Environmental protection is a key management task. Our executives have a decisive role model function and responsibility.
- We aim to achieve our corporate goals within the limits of what is financially and technically feasible.

7. Environment

The environmental guideline covers the entire environmental impact of Pankl AG. This is divided into two main topics: Decarbonization and Resource Conservation. Decarbonization is subdivided into CO₂ emissions, energy, and energy efficiency measures. Resource conservation deals with a sustainable supply chain, purchasing, material procurement as well as packaging materials, waste volumes, water consumption, chemicals, and other environmental impacts. Pankl AG sites have a certified environmental management system (ISO 14001), which is why our suppliers are also required to have a suitable environmental management system.

7.2. Ecological responsibility and decarbonization

- We are continuously working to reduce our environmental impacts such as waste, wastewater, energy, emissions, raw materials, odor emissions and noise emissions.
- We have set targets to become carbon neutral.
- The impact of our operations on the environment is recorded, assessed, and derived into targets and actions for improvement.
- We are expanding the integration of renewable energy to reach carbon neutrality.
- We aim to phase out gas where it is technically feasible.
- We are improving our energy supply to conserve resources.
- We are increasing our energy efficiency to reduce our energy consumption and the associated CO₂ emissions.
- Our greenhouse gas emissions are reduced through established KPIs to improve air quality.

7.3. Efficiency measures

- We pay attention to environmentally compatible and energy-efficient methods right from the design and construction of our plants and processes.
- We pay attention to environmentally compatible construction methods and materials in modernizations, expansions, and new buildings.
- When planning and introducing new processes, we are guided by state-of-the-art technology.
- Our processes are audited and certified on a recurring basis in connection with our integrated management systems.

7.4. Sustainable and responsible resources management

- The packaging materials used are evaluated and replaced with more environmentally friendly materials.
- We make sure to incorporate circularity in our packaging material.
- Investments are made for more energy-efficient alternatives.
- We are mindful of purchasing resource-efficient and low-emission raw materials.
- We pursue the goal of using only raw materials whose extraction, production, transport, trade, processing, and export do not contribute directly or indirectly to human rights violations, health and safety problems, environmental pollution, or compliance violations.
- Sustainable procurement is important to us, and we ensure that our purchasing processes comply with this.

- We avoid a high consumption of water.

7.5. Handling of hazardous substances and waste

- We handle chemicals responsibly.
- We continuously decrease the amount of chemicals.
- We avoid hazardous waste and always try to reduce the amount of waste.
- We use the available waste containers exclusively for their intended purpose.
- Materials used are labeled and handled safely in accordance with applicable regulations.
- We ensure that any hazardous materials are properly reused, recycled, or disposed of.

7.6. Conservation of resources and recycling management

- We use all resources such as water, energy, raw materials, and other materials responsibly.
- A high percentage of our materials (aluminum, iron, and steel) are already recycled, and projects are being pursued to further increase this percentage.
- Metal waste is returned to the cycle.
- We melt down chips from aluminum and gray cast iron to reuse them.
- At one site we use emission-neutral steel scrap.
- We take care to avoid water pollution and treat our process water before returning it to the river.

7.7. Protection of biodiversity and ecosystems

- We pay attention to land use that does not result in permanent loss of biodiversity.
- We protect natural ecosystems and do not contribute to the alteration, deforestation, or degradation of natural forests.
- In new construction, we ensure a good balance between green space and building land.
- In the water protection area, we take special care not to damage the soil quality or to drill deep boreholes.
- In our production as well as in our processes no raw materials from agriculture and forestry are used.
- We do not engage in any form of "land grabbing" and respect the rights of indigenous peoples and local communities.

7.8. Animal welfare

- Our processes generate low noise emissions that the habitats of animals around our plants are not disturbed.
- Our products are created without cruelty to animals in any form.

8. Social

It is essential for companies to incorporate social responsibility into their management. This includes all employees of Pankl AG as well as suppliers, business, and cooperation partners.

Through our Code of Conduct (CoC), working conditions and human rights are defined as the basis of a guideline for us as Pankl AG as well as passed on to our suppliers.

The following topics are included in our valid CoC: Prohibition of child labor; Young workers; Wages and benefits; Working hours; Prohibition of modern slavery; Freedom of association and collective bargaining; Non-discrimination and harassment; Women's rights; Diversity, equality, and inclusion; Land, forest, and water rights; and forced eviction.

8.9. Human rights & working conditions

- We ensure that human rights violations are not committed or participated in.
- We ensure that the principles and rights of our employees (includes women's rights, right to religious affiliation) are respected.
- Our assurance of human rights incorporates the official principles of the United Nations Global Compact.
- We ensure that all our employees receive training on these policies.
- We do not tolerate any form of child labor and stand by our strict ban on child labor.
- We will not tolerate any form of forced or compulsory labor. We stand by our strict prohibition of forced labor and slavery.
- We recognize the right of workers to form workers' representative bodies and to bargain collectively for the regulation of working conditions.
- We support equal treatment and do not tolerate discrimination of any kind.
- We protect the rights of minorities and indigenous peoples.
- We give top priority to protecting and promoting the health of the people who work at Pankl AG.
- We stand for competitive, performance-based, and appropriate compensation.
- We respect applicable local, national, international, and traditional land, water, and resource rights, especially the rights of indigenous peoples and local communities.

8.10. Inform and sensitize employees

- The participation of all employees is necessary for the implementation of our corporate policies.
- Our aim is to promote a culture of conservation throughout the company and to make efficient use of raw materials and energy.
- We motivate our employees to take personal responsibility and behave in an environmentally conscious manner at their workplace.
- To provide employees with climate-friendly alternatives, carpooling is financially supported.

8.11. Employee development and training

- We offer a wide range of training courses for the further education of our employees.
- Environmental protection and sustainability will become an integral part of our training measures in the coming years.

8.12. Health & Safety

- We protect the health of our employees
- We review unsafe situations and create corrective actions
- We provide a safe work area for our employees.
- Through our safety measures, we address local and national safety, occupational health, and fire safety laws.
- We encourage our employees to be aware of safety hazards and to handle work materials with care.
- We provide personal protective equipment (PPE) and encourage our employees to use it.
- Emergency plans are in place and are continuously adapted and expanded.
- Analysis systems are in place to minimize incidents or accidents in the workplace. Measures are taken to minimize the risk of accidents throughout the Group.
- Potentially hazardous situations are identified, the risks assessed and continuously controlled and improved.
- Personal protective equipment, cleanliness and tidiness, ergonomics and mental stress are continuously evaluated and improved together with managers and safety specialists.
- Accidents and near-accidents are recorded to identify potential hazards.

8.13. Suppliers, business, and cooperation partners

- We exert influence on our suppliers and service providers in accordance with our corporate guidelines.
- Our choice of suppliers, business and cooperation partners is subject to environmental, energy and climate change considerations.
- We use a questionnaire to assess the efforts and standards of all our suppliers on environmental, energy, climate, and other sustainability issues. Where necessary, improvements are identified.
- Partners are encouraged to include and implement specific points on environmental, energy and climate issues.
- We expect that suppliers, business and cooperation partners implement an appropriate and effective management system for corporate duties of care for people and the environment in their organization as well as with its direct suppliers.
- Our suppliers, business and cooperation partners must meet their social and environmental responsibilities.

8.14. Ethical responsibility in the recruiting process

- We ensure that our applicants are evaluated without discrimination or bias.
- In our recruiting process, attention is paid to generally applicable human rights.
- We are committed to diversity, equality, and inclusion. No one is disadvantaged because of their sexuality or religious affiliation.
- Throughout the process, we pay attention to our ethical responsibility towards people.

8.15. Dialog with interested parties

- Dialog with interested parties is of central importance to us.
- We take the requirements of other interested parties seriously, evaluate them and derive measures.
- It is important to us that our suppliers meet our standards and pass them on to their suppliers.